

RECORD OF PROCEEDINGS

Minutes of the Riverside City Council Meeting

Held on Thursday, October 13, 2022

CALL TO ORDER: Mayor Williams called the Riverside, Ohio City Council Work Session to order at 6:22 pm at the Riverside Administrative Offices located at 5200 Springfield Street, Suite 100, Riverside, Ohio, 45431.

PLEDGE OF ALLEGIANCE: Mayor Williams led the pledge of allegiance.

ROLL CALL: Council attendance was as follows: Mr. Denning, present; Mrs. Franklin, present; Ms. Fry, present; Mr. Joseph, present; Ms. Lommatzsch, absent; Mr. Maxfield, present; and Mayor Williams, present.

Staff present was as follows: Josh Rauch, City Manager; Tom Garrett, Finance Director; and Katie Lewallen, Clerk of Council.

EXCUSE ABSENT MEMBERS: Mrs. Franklin moved, seconded by Mr. Joseph, to excuse Ms. Lommatzsch. All were in favor. **Motion carried.**

ADDITIONS OR CORRECTIONS TO AGENDA: No changes were made to the agenda.

APPROVAL OF AGENDA: Deputy Mayor Denning moved, seconded by Mr. Maxfield, to approve the agenda as presented. All were in favor. **Motion carried.**

WORK SESSION ITEMS:

I. FY2023 Budget – Mr. Rauch reviewed the timeline in which he planned to bring the budget to council with a first reading on December 1, 2022, and a second reading on December 15, 2022. He updated council on the income tax for 2022. Based on what was budgeted, they were a little under in the first quarter, and a little over in the second and third quarters. Based on this, he has held the revenue budgeted for next year to be the same as it was for 2022. The 2023 budget is a balanced budget with all major funds paying for themselves. They do not plan to dip into fund balances for major operating or other funds; this is based on current assumptions today. The 2023 budget also continues to allocate income tax the way it was committed as required by Issue 9 with 60% to public safety and 40% to the General Fund. That amount of money with the projected revenue is enough to keep them afloat. There is room in the budget to add public safety positions, but it requires transfers from the General Fund. The 60/40 split is not enough to cover the operating cost of public safety departments by themselves. This budget also begins to make investments into fleet vehicles as many are close to 15 – 20 years old. He discussed working with Enterprise for leases and a lease program as there is not one department responsible for fleet maintenance management. They would essentially be hiring an asset manager using Enterprise and they will collect data like how much gas is being used and when vehicles are due for maintenance for all of the city vehicles.

Mr. Rauch presented a table of full-time staffing over the last few years. Most of the increase has been in the fire department and adding an officer to police. Administration has gone down, but the overall percent increase from FY2020 to FY2023 is a 7% increase. They are

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adding public safety personnel in the budget, but doing so within the confines of the revenue being brought in.

Major Revenues – Mr. Rauch stated when they look at all of the money that comes in, 41% or \$8.6 million of it comes from income taxes. Bond proceeds make up \$4,735,000 or 23%, property taxes are \$2,180,000 or 10%, Gasoline taxes are \$1,233,051 or 6%, EMS billing fees are \$784,000 or 4%, and all other revenue collected totals \$3,306,557 or 16%. He stated that Wright Point skews the budget analysis a bit. He presented an income tax pie chart showing the 60/40 split with the Police/Fire Fund receiving \$5.2 million and the General Fund receiving \$3.4 million. He added that the dedicated income tax that comes in is not enough to pay for the total operating expenses for police and fire. The income tax brings in \$5.2 million and the public safety needs approximately \$8.56 million to operate.

Major Expenses – Mr. Rauch stated that 45% or roughly \$9.7 million pays for wages and benefits for staff. The debt service is 27%, around \$5.8 million, but \$4.9 million of the total is the city paying back last year's note on Wright Point, which skews it a bit. Other expenses include fees paid like dispatch which totals \$1,736,567 or 8%; construction costs of \$1,648,000 or 8%; contract services of \$992,500 or 4%; and then all other expenses total \$1,821,879 or 8%.

Key Funds Overview – Mr. Rauch stated that for each of the key funds, the net impact after they take out what they will bring in versus what they will spend, is positive. The only exception is ARP as that is a one time grant that they have to spend. The budget shows they will spend the balance of those funds next year. All other operating funds spend within their means, and they should end up reserving the fund balances they have. Ms. Fry asked if they know what they will spend the ARP funds on already. Mr. Rauch replied that he does have it allocated. He reviewed each of the key funds, where the money comes in to where it is going.

The General Fund has a balance of \$4,845,400 that pays for 11.5 full-time employees with \$2,575,900 being transferred out. Most of that \$2.5 million goes to public service with \$1.29 million going to the public service fund and the rest going to the Fire Fund (\$464,500 or 18%), the Police Fund (\$76,000 or 3%), the Victim Advocate Fund (\$75,000 or 3%), the Wright Point Fund (\$146,000 or 6%), and the Capital Equipment Fund (\$476,000 or 19%).

The Wright Point Fund has a balance of \$5,618,708, which primarily pays back the note from the prior year. They do not make much rent, \$737,708. One of the changes in the budget will ear mark the money as rent since it will make the books look better when marketing the building to show the city as a paying tenant. This is a transfer they would have to make anyway. He has also scaled back on any major building improvements on the theory that within the next six months there will be a plan to deal with the buildings. If they need to come up with capital by maintaining fund balances he can come back to council for any additional appropriations. Mr. Joseph asked why they hold the note in the Wright Point Fund rather than in the Debt Service Fund and then transfer into Wright Point. Mr. Rauch stated that this is how the auditor wants them to do it. Mr. Joseph asked if he was able to discuss the Wright Point Fund forward plans beyond 2023. Mr. Rauch stated that they are having

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sensitive conversations on what may or may not be feasible, so he is not ready to cover that at this time.

The Public Service Fund gets most of its fund from transfers in from the General Fund. It has a balance of \$1,851,650. It mostly pays for people along with general operating expense, supplies, and contract services.

The Police/Fire Income Tax Fund has the \$5.2 million from the income tax and distributes it to the public safety departments; \$3,211,000 to police, \$1,781,000 to fire, and \$208,000 to CCA for collecting it.

The Fire Fund has a balance of \$3,768,033 with the \$1,781,000 from the police/fire income tax. There is a transfer in from the General Fund of \$464,500, which covers the cost of three new firefighters; EMS billing fees of \$784,000, and other revenue of \$738,533. This balance pays mostly wages and benefits of the firefighters totaling \$3,272,500 with the remainder covering fees, supplies, and other expenses. Mr. Joseph asked when they received the police/fire income tax can they just do a 60/40 disbursement between the two fund rather than put it into a fund then transfer it out. Mr. Rauch stated he would have to check with the auditor if that was preferable to do how the current process is or if as payments come in, they just split it 60/40. He added that the advantage of having this holding fund is that it is easier to get at that number quickly.

The Police Fund has a similar story as the Fire Fund. It has a balance of \$4,839,496 with \$3,211,000 from the police/fire income tax. There is a transfer in from the General Fund of \$119,000; property taxes of \$1,385,906; and other revenue of \$123,590. This balance then covers mostly wages and benefits totaling \$4,033,800, along with fees at \$456,088, contact services at \$140,000, and all other expenses totaling \$209,534. He added that the wages will go up as there is a bill going forward in November at the state level for pension obligations. Currently, it is 19.5%, and the legislature is looking to push it up to 24% or 24.5%. This would be a big impact on the city. Mrs. Franklin asked if they had an idea what that would cost them and if they are going to phase it in by year or all at once. Mr. Rauch stated the last thing he saw looks like it gets phased in. He added that any increases they make contractually in their salaries add to that pension inflation over time because the percentage is based on their wage.

The Capital Improvement Fund has a balance of \$847,962 coming from the motor vehicles and gas taxes. The expenses it covers are as follows: annual maintenance and costs, \$170,000; Harshman Wall repairs, \$355,000; Spinning Road (Linden to Eastman), \$58,000; and debt service (FY2021 – FY2022 paving), \$261,050. He stated that last year they had to back out of a few projects, but this year going into next year they are better positioned to know which projects they will fund out of 702. They are trying to payoff the projects they have done, and that shrinks the pot of money that lets them do more. The annual funding available for new capital projects is \$410,000. This is not a lot to design a capital improvement program. Mr. Joseph asked if he knew how much interest revenue they have off of the money they keep in the bank. Mr. Rauch stated there is a line item for interest in the budget, but it is not a substantial amount. They have to follow ORC, so the investment

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vehicles they choose are very conservative – a lot of short term bonds. This year, those have not been performing well. They are not making risky investments. He stated he could get him some of that data.

The ARP Funds are allowed to be used to cover general government expenses, to cover inflationary overages, or other unforeseen costs. This is how they have been doing it like with the Harshman Wall coming in nearly double the estimate. As those things have happened, they have leaned on that money to draw some of that down. The bulk of the money they have spent is on West Springfield, which came in way over what was anticipated. He has placeholders as ODOT is about to let some projects out to bid like the US 35/Woodman bridge and they are budgeting \$100,000 extra to cover that without the lights. The idea is to continue that into 2023. He reviewed some projects for next year that may be over budget. He discussed the Harshman Wall project and how a significant portion of the money is covering traffic control and how they may just do one more phase rather than two to try and get all the work in one phase to save on traffic control. That may be around \$500,000 to get that done. They will take \$355,000 out of 702 and up to \$330,000 out of ARP to cover that. They will cover that when the bids come in as that will need to come before council. If all the numbers pan out as indicated, there will be a remainder of \$774 at the end of 2023 in ARP Funds. Discussion continued on buffering enough money on projects and what they can do with any remaining ARP Funds.

He presented the debt accounts with the Wright Point Fund being a bulk of it at 85% or \$4,985,750. Other debt included Capital Equipment at 8% or \$473,293; Debt Retirement at 4% or \$260,175; the Brantwood I TIF at 2% or \$94,750; the Brantwood II TIF at 1% or \$52,050; and at less than 1% the POWC Union Schoolhouse at \$3,000. He clarified that the Debt Service fund will pay out to the Debt Retirement.

Mr. Rauch stated that key takeaways from the budget shows that the new income tax provides a great deal of stability for the budget. The contribution that the voters made for this has improved the city as he would not be able to add staff but would have had to made cuts. He stated they need to watch trends as costs are going to continue to rise into next year. These include state pension requirements for police and fire, wage inflation, pending contract negotiations, health care, limited local government sharing from the state, and infrastructure/capital project cost inflation. If they want to get ahead of the curve, they will need additional revenue such as a stormwater utility fee. The drain on the General Fund right now is the \$1.3 million that gets transferred to public service. If they get their own dedicated revenue to offset operating costs, then they can then make investments in public safety. Everything is connected. By freeing up money in the budget in one part, it can be reallocated to another area. He stated they are continuing to work on residential road design standards even though it is difficult to create a Capital Improvement Plan on \$400,000/year, he is trying to get them prepared so they have what they need when the time comes. Most roads needed to be rebuilt the last time there was a PCI study and the situation has gotten worse. They are doing the work they need to make progress. They also need to attract new investments, jobs, and residents. He thanked the Community Development Department for the work they have been doing to bring in more income and property tax.

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Mr. Rauch presented a timeline for the draft budget book to the budget committee (Nov. 4) and have them review it (Nov. 15). He will have the budget book presented to council (Nov. 25) with a first reading of the budget ordinance (Dec. 1), and a second reading of the budget ordinance (Dec. 15). Mr. Joseph asked if the State of Ohio requires them to approve fund level. Mr. Rauch replied it is by categories, at a minimum they have to approve personnel. It is personnel and other capital they will see. Discussion was had on budget transfers.

Ms. Fry stated she is trying to compare the new expense for the additional personnel and the retiring revenue of the ARP. They are spending about \$1.0 million in 2023, and on the other side she asked if it was equivalent. She is just doing a bottom line comparison. She wants to think about once they bring on new staff making sure they can afford them into the future. If they are spending \$1.0 million to give them a buffer, and it comes to pass, in 2024 that is \$1.0 million they won't have. Mr. Rauch stated that the budget assumes that any personnel cost will be paid with recurring revenue. He is not leaning on any ARP money for personnel. Ms. Fry stated she understands that, but they are transferring General Fund money to pay for personnel. Mr. Rauch stated that is from income taxes or other revenue sources. Ms. Fry stated she is looking at the bottom line of what they are spending, and the General Fund is the nexus of all of that. He stated he could talk with her more offline about it. He stated with additional personnel costs and making the transfers, the General Fund will have a little bit of money left over at the end of the year as will all the other major operating funds. Deputy Mayor Denning stated that if they didn't have the ARP money and they still needed to do those projects, they would not be hiring personnel; they would be doing the projects. He added that he thinks Ms. Fry's concern is what projects will they give up in 2024 and 2025 that they won't be able to do because they continue to pay for the personnel. Mr. Rauch replied they are not doing that many projects in 2023 that put them in that position in 2024. This will be the last budget year where they have a lot of projects to tidy up, and they will use that money to do so. He reviewed the last projects in 702: Spinning Road (Linden to Eastman) and Harshman Wall Repairs. They will then have a clean \$400,000 they can reallocate to other things that come along. This budget prioritizes personnel investment over additional capital projects. Mayor Williams added that this is what the public has told them to do. Deputy Mayor Denning concurred. Mr. Joseph stated that this budget shows that \$400,000 is their capital improvement budget from now until something changes. Mr. Maxfield stated until they pass a stormwater utility or a road levy. Discussion was held on money they use on stormwater and the work that public service can do with a stormwater utility fee.

I. Stormwater Utility Update (*Audio cut out at 51:50 to 58:53*). Mr. Rauch reviewed establishing the ordinance for the stormwater utility that would create a single-family residential billing tier and a non-single family residential building tier. He went on to stated that by resolution, they will then establish the fees for the tiers and can adjust accordingly by resolution.

Discussion was held on thresholds of spending from \$25,000 requiring bids to \$50,000. Mr. Garrett stated that council indicated they still wanted to be involved and requested approval be given by them. Mayor Williams stated they can discuss this at a future work session.

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COUNCIL MEMBER COMMENTS: Ms. Fry stated that the blood mobile will be at the city building, 5200 Springfield Street, on Monday, between 3:00 – 7:00 pm. They are seven donors away from meeting their goal for the blood drive. Sign ups can be done at www.donortime.com and search for the City of Riverside. Deputy Mayor Denning stated that the lights on matinee of the Jaycees Haunted House will be this Saturday, noon to 4:00 pm. This is for young children to have a tour of the house with the lights on to see how it all works. They have done this every year for the past 35 – 36 years. Kids get to trick or treat through the house at the same time. He added that the fire department will be there using the Jaws of Life and take a car apart. They will also have trucks there. The police department usually has a K-9 demonstration, but Tina is not ready for that. Mayor Williams stated the fire department has been out at the schools and in the neighborhoods promoting fire safety week.

ADJOURNMENT: Mr. Joseph moved, seconded by Mr. Joseph, to adjourn. All were in favor. The meeting adjourned at 7:24 pm.



Peter J. Williams, Mayor



Clerk of Council